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TO RUEHC/SECSTATE WASHDC 9821
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUCPDOG/USDOC WASHDC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC
RUMIAAA/CDR USSOUTHCOM MIAMI FL
RUEHRC/USDA FAS WASHDC

UNCLAS SAN SALVADOR 000862

STATE PASS USAID/LAC
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STATE FOR WHA/CEN, EEB, INR/B
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SUBJECT: NEW MINISTER OF ECONOMY FOCUSED ON DOMESTIC ISSUES

REF: A. SAN SALVADOR 33

[B](#). SAN SALVADOR 830

[1](#)1. (SBU) Summary. New Minister of Economy Ricardo Esmahan D'Aubuisson plans to focus primarily on domestic issues, including small and medium enterprise development, energy, and hydrocarbons during his year in office. He does not plan to play an active role in treaty negotiations with the European Union, and will delegate most of the responsibility for treaty negotiation and enforcement to the Ministry's relevant offices. Esmahan also stated that he would discuss payment options for U.S.-based electricity distributor AES with his counterpart at the Ministry of Finance. End Summary.

[1](#)2. (U) EconCouns and Econoff paid an initial courtesy call on new Minister of Economy Ricardo Esmahan D'Aubuisson July 14. Esmahan assumed office on June 30, replacing Yolanda de Gavidia.

[1](#)3. (SBU) Esmahan stated that, as he would have only a short time as Minister, he planned to focus on domestic economic issues. His trade negotiators and treaty administration teams were "so strong" that they can successfully manage their own operations. He thought the most critical areas where he could have an effect were small and medium enterprise development, energy, and hydrocarbons.

[1](#)4. (SBU) Discussing the government's rising subsidy costs (septel), Esmahan noted that the current subsidies were not sustainable, yet more and more groups were demanding more and larger subsidies, from the bakers to the bus owners. Econcouns raised the case of U.S.-based electricity distributor AES (reftel A), which needs to receive \$17 million of \$45 million in unpaid subsidies it is owed by the Government of El Salvador, or it will not be able to buy additional electricity. Esmahan replied that he was aware of the situation and would be discussing how to resolve it when he meets with Minister of Finance Handal later in the week.

[1](#)5. (SBU) Esmahan said he was not aware of a possible CAFTA-DR ministerial, which ex-Minister de Gavidia had raised in her final meeting with Econcouns (reftel B), though he would be open to the idea. He added that he had spoken with his counterparts in the region and none of them had mentioned the possibility of a meeting. He indicated that he does not plan to take an active role in the Central American-European Union Association Agreement negotiations, noting that any realistic agreement wouldn't conclude until after the next government takes office.

[1](#)6. (SBU) COMMENT: Esmahan has a limited background in economics and is still getting up to speed on most of the issues he will face (he is, however, well versed in agricultural issues). In office less than two weeks, he provided few specifics on his plans. He has made some early missteps, like announcing a plan to reinstate

international price parity controls for gasoline which President Saca shot down the next day (reftel B), that he will have to avoid going forward if he is to be a major player in economic policy. In conversations with Econoff, an analyst for a leading credit agency bemoaned the current lack of economic expertise in the Saca administration. END COMMENT.

17. (U) BIO NOTE: Esmahan previously served as President of the Agricultural and Agro-industrial Chamber of El Salvador from 2003-2008, President of the Federation of Central American Agricultural Chambers from 2003-2007, and advisor to the board of directors of the Salvadoran Association of Private Industry (ANEP) from 2004-2008. He previously served in government as Director General of the Office of Consumer Protection from 1994-1995 and represented the agricultural industry during CAFTA-DR and other trade agreement negotiations. He is a lawyer by training. Esmahan is a nephew of ARENA party founder Roberto D'Aubuisson. He speaks Spanish and English. END BIO NOTE.

Glazer